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STATISTICAL BULLETIN

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Statistical Reference Index
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Highlights

- CONSUMER DEMAND GROWTH IS FALTERING HOME AND CAR SALES WERE WEAK EVEN BEFORE INTEREST RATES ROSE
- AND INCOME GROWTH, CREDIT DEMAND, AND CONFIDENCE SHOW LESS VIGOR
- MEANWHILE, INVENTORY PILES UP AND NEW ORDERS SLOW
- EXPORT GROWTH MODERATING
- INFLATION INDICATORS REMAIN STEADY
- OUTLOOK • MODERATE GNP GROWTH OF ABOUT 2½% FOR THE REST OF THIS YEAR; LESS GROWTH NEXT YEAR

Volume 21, No. 5, May, 1988

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The Conference Board

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

OVERVIEW: The direction of the U.S. economy is harder to discern right now. Both concerns about the economy overheating (perhaps, leading to more inflation) and about an imminent recession are widely shared. The statistical releases, however, describe more weakness than strength. The lack of growth in the labor force in recent months may be a signal of more discouraged jobseekers. The want-ad data suggest labor demand is no longer rising, and there has been little change in hourly pay rates. On the production front, the rise in new orders has ended and inventory is piling up.

Even the two strongest elements in the economy right now—capital investment and exports—show some signs of weakness. The very strong export surge has moderated. While capital investment in plant and equipment has apparently boomed in the first half of 1988, there are two caveats in order regarding that boom. First, a good portion (perhaps as much as half) of the capital equipment is being purchased from abroad, limiting the beneficial effects on domestic suppliers. Secondly, capital investment represents only about 10% of GNP. Unless the other 90% of the economy unexpectedly picks up steam, there is a greater danger of a slow down than of overheating.

DOMESTIC MARKET MONITOR

Concern about the labor market overheating appears unwarranted. The announcement of a 5.4% unemployment rate in April renewed fears that labor shortages would put upward pressure on labor costs—triggering more inflation. Shortly after the announcement, the prime interest rate was raised. But so far, even the persistent and fairly strong rise in hiring over recent months has not led to any surge in average hourly pay.

And there have been indications of a moderating trend in labor demand since late last year. For example, ordinarily, continued strong hiring in a low-unemployment environment generates added want-ad volume—as employers go an extra mile to find good job candidates. However, The Conference Board's **Help-wanted Index** shows that hasn't occurred. The Index stood above 160 (1967 = 100) in October and November 1987 but has since remained below that mark. Early returns to the April survey show no real gain in want-ad volume. In addition, the **Economic Forecasts** continue to predict small increases in the unemployment rate—perhaps to a little more than 6% by Summer. This strongly indicates that some waning in labor market activity will soon develop.

INCOME: If new hiring does begin to slacken, it will rein in wage growth, which in recent months has been more attributable to job gains than to pay rate hikes. The average hourly pay rate in private industry was $9.22 in April, compared with $9.13 in January, about a 1% rise. Wages in commodity-producing industry were 1.6% higher in March than three months earlier, while wages in the "other" industry category were up by 1.7 percent. These moderate increases in wages, in evidence for months now, are good news on the inflation front but also represent a constraint on rising consumer demand.

Nonwage income growth has begun to flag in important areas. True,the recent growth in dividends and shopkeepers' income matches that of wages. But interest income has been flat. Rental income has again declined, even though new construction has been mired in a slump.

The data on credit demand already appears to be signalling some weakening in consumer demand. The ratio of **Consumer Installment Debt Expansion to Personal Income** dipped in March while the ratio for auto-related loans remained unchanged. That suggests consumers are already cutting back on purchases of such items as appliances and furniture, if the purchase has to be financed.

Consumer attitudes may actually have brightened in recent months, and that could be a problem. At 114.6 (1985 = 100) in April, The Conference Board's **Consumer Confidence Index** was close to the record level set back in October. However, the Expectations component of that series stood at 111.8 in April, compared with a reading of 108.9 back in October. In fact, the consumer appraisal of job and pay prospects six months hence dipped in the wake of the stock market crash but have since climbed even higher than before that event. No doubt the steady stream of good labor report news has buoyed confidence. But as the immediate reaction to the stock market crash showed, if the labor market sours, confidence could quickly disappear—dragging consumer willingness to spend with it.

SPENDING: The data on consumer spending suggest slowing growth. Retail sales, except autos, were 2% higher in April than three months earlier. And sales of durable goods, except autos, were a full 3.9% higher. That suggests consumers once again stepped up the pace of nonauto borrowing in April. However, consumers are not showing much inclination to continue down that road for long.

The spending data bear very close watching in coming months for clues as to where the economy is headed. One important clue is already in and it is decidedly negative. New domestic **Automobile Sales** were steady at a 7.8 to 7.9 million seasonally adjusted annual rate per 10-day period in February and March. That rate,which was below producer expectations, fell to an average of only 6.8 million in April. If the prime rate hike spurs higher auto loan rates, this interest-sensitive sector will suffer further. Some job and production cutbacks are already underway.

Ken Goldstein, Editor

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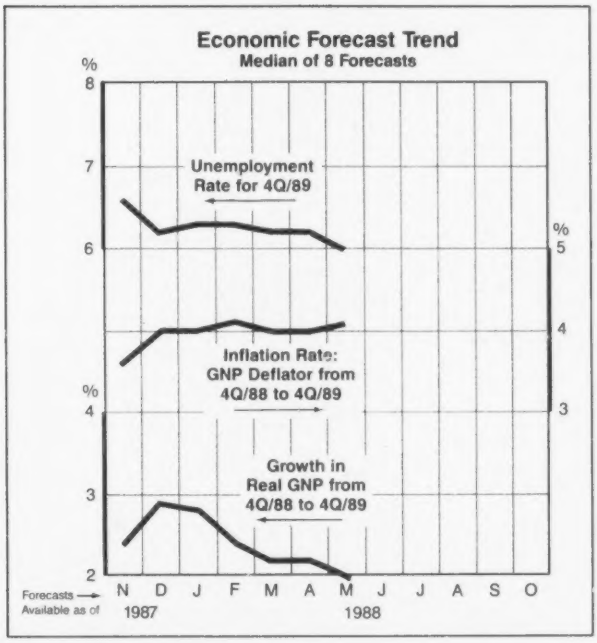


CONSTRUCTION: Home sales, though still at a depressed level, are staging a comeback. Sales of new single-family homes were at about the same level in March as last October. Although home prices have dipped, sales will be constrained if mortgage rates rise now that the prime rate has.

New home construction has been brisk. New single-unit starts were 14.5% higher in March than three months earlier. Even without any rise in mortgage rates, that pace is unsustainable, however, as new construction has outpaced sales, resulting in a rise in the inventory of unsold homes.

Long mired in a slump, nonresidential construction is showing limited signs of recovery. Industrial building was almost 8% higher in March than three months earlier. But office, commercial, and public building were all lower.

PRODUCTION: Output growth remains brisk despite a slowing in new order. Output of finished consumer durable goods was 1.4% higher in March than three months earlier, while that of finished business equipment was up by 1.7 percent. The production of semi-finished goods rose 1.2 percent. Given the hiring pace in April and a lengthening of the average workweek, industrial production gains probably continued strong that month.

There are signs that the pace of production may slow down soon. Producers have been filling old orders faster than new orders received. New orders for durable goods, except defense-related, were 1.1% lower in March than three months earlier, while shipments were 1.3% higher. Orders for both finished goods and raw materials fell.

INVENTORY: Clearly, the data on new orders and inventory have given a less-than-clear picture over the last few months. It is as puzzling now why inventory growth has slowed as new orders have declined, as it was earlier when inventory was rising despite a fairly brisk rate of new orders. It would appear that producers simply went ahead and stepped up production schedules, a risky strategy given the conflicting underlying data.

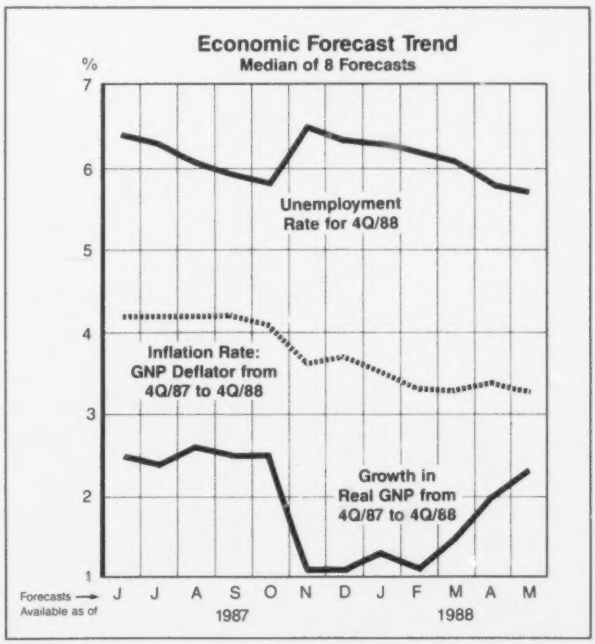
INFLATION: A month ago, we reported here that the consensus of the **Economic Forecasts** was for a 4.1% annualized rise in the CPI by the fourth quarter of 1988, and for a 4.7% rise by the fourth quarter of 1989. In the interim, the prime rate was raised a half point in response to perceived inflationary expectations. Nevertheless, the consensus of the Forecasts this month is not much changed. Indeed, that consensus envisions not more than a 5.1% rise even by the second quarter of 1990.

Raw industrial metal prices rose 0.9% in April, after declining for three months. Wholesale prices rose 0.4% in April, less than the 0.6% rise in March. In other news, the rise in import prices in the first quarter was below the domestic inflation rate. These data do not describe sharply rising inflation.

INTERNATIONAL MONITOR

Import growth remains modest but export growth has slowed. Total manufacturing imports were only 1.5% higher in February than three months earlier. Total manufactured exports were acutally 1% lower. These data reflect a lack of strong improvement in the trade deficit, which adversely affects the dollar's exchange value. Moreover, the lack of strong U.S. exports adversely affects domestic production. That's another reason why the economy may be closer to slowing down than to overheating.

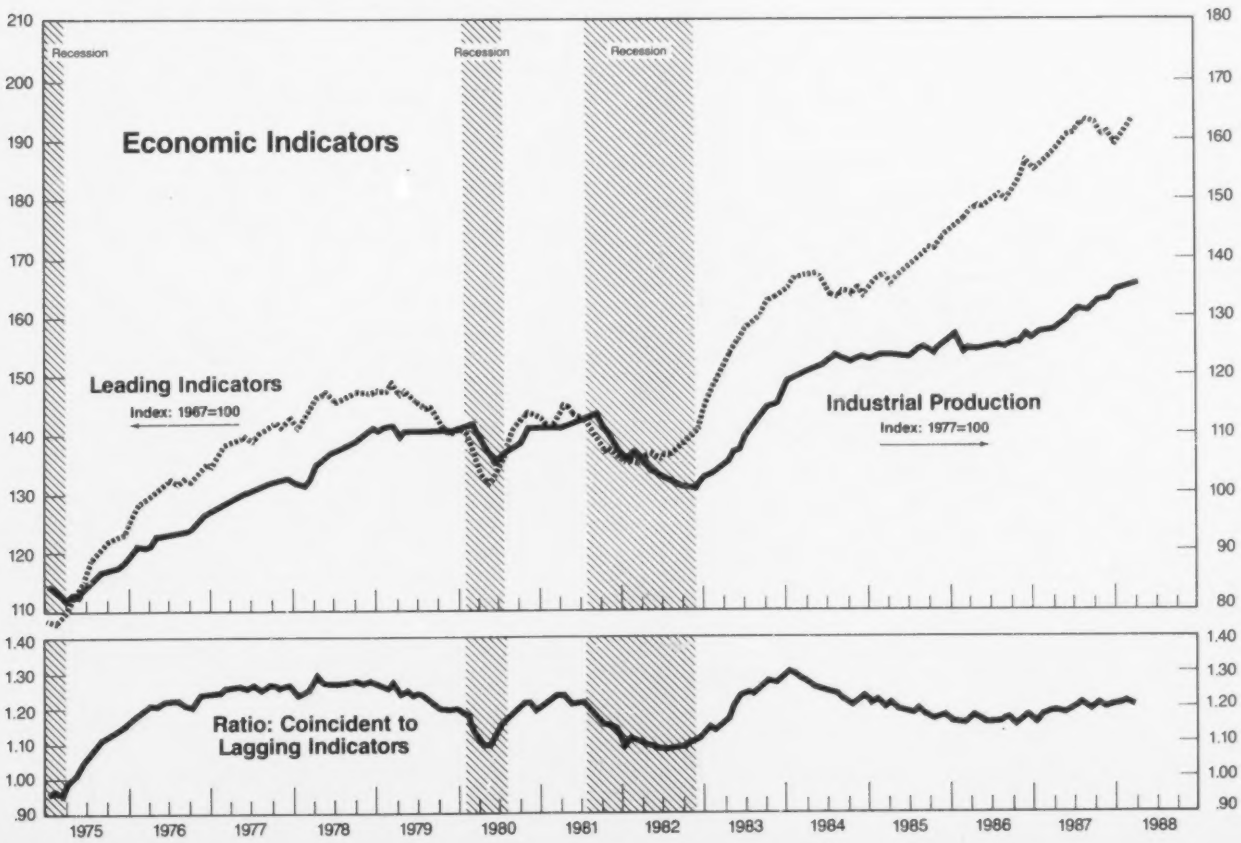
Ken Goldstein
May 13, 1988



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over Latest Three Months	Change from Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Mar.	X			1.4%	3.0%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Mar.			X	– 0.5%	15.8%
New orders, nondefense capital goods (deflated)	Mar.			X	0.6%	19.8%
*New business formation	Mar.			X	0.6%	0.3%
*Housing permits	Mar.	X			7.7%	–14.7%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Mar.		X		– 0.6%	0.5%
*Change in inventory, on hand & order (deflated)	Feb.		X		6.8%	23.1%
Purchasing agents' buying policy	Apr.		X		– 2.0%	– 3.0%
*Vendor performance, reported slower deliveries	Mar.		X		– 2.0%	14.0%
Industrial raw materials prices	Apr.	X			1.6%	17.1%
*Change in sensitive material prices	Mar.		X		– 0.6%	– 0.1%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Mar.	X			1.3%	0.9%
Change in business loans	Mar.			X	134.4%	– 32.8%
*Change in credit outstanding	Feb.	X			4.9%	9.1%
Change in consumer installment debt	Feb.	X			42.1%	31.9%
Profitability						
Total corporate profits, after tax (deflated)	4th.Q	X			1.0%	13.7%
*Common stock prices	Apr.	X			5.5%	– 8.7%
Marginal Employment Adjustments						
*Average workweek, mfg.	Apr.	X			0hr	0.6hr
*Initial unemployment claims (inverted)	Mar.	X			2.6%	10.9%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators,* (Washington. D.C.: Government Printing Office) June, 1977.
*These twelve series make up the Composite Leading Index charted below.



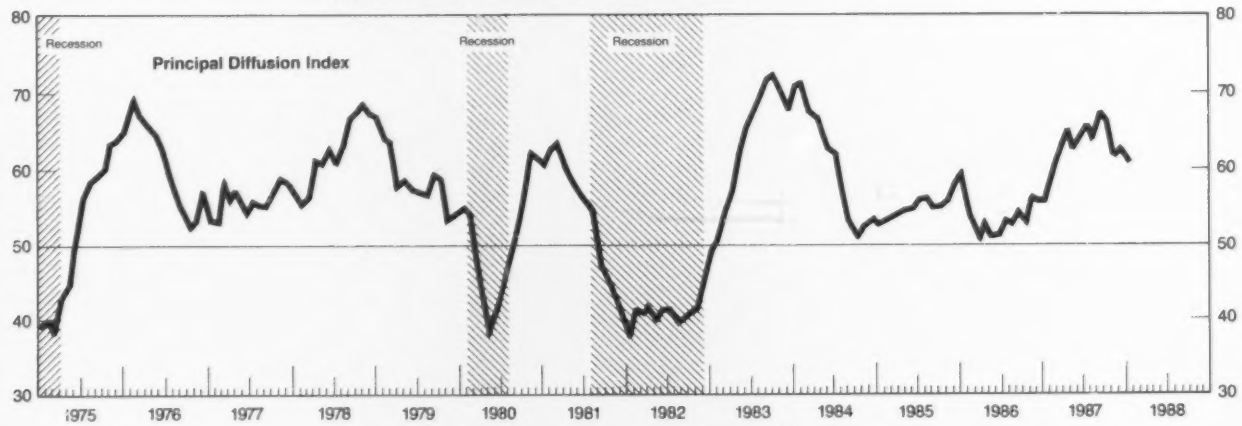
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1987 Mar.	1987 Dec.	1988 Jan.	1988 Feb.	1988 Mar.(e)
Principal Diffusion Index	61.0r	60.2r	58.1r	59.7r	59.7
Auxillary Diffusion Index	59.6r	52.3r	43.2r	49.3r	55.9
Industrial Group	58.3	61.7r	57.8r	57.4r	61.2
Nonindustrial Group	63.8r	58.7r	58.5r	58.3r	58.2
Sense of Diffusion	1	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	61.8	74.4r	68.8r	62.8r	67.5
Labor	58.2	53.6r	49.9r	53.8r	56.3
Miscellaneous	53.2	62.8	60.9	58.3r	64.1
Nonindustrial Subgroups					
Prices	78.2	59.6	64.1	60.9	57.7
Consumer	67.1r	65.4r	70.5r	69.7r	69.2
Building	45.8	45.5	38.5	47.4	48.1
Miscellaneous	62.8	60.3r	56.0r	52.6r	54.3

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1985 May	1985 Aug.	1985 Nov.	1985 Feb.	1986 May	1986 Aug.	1986 Nov.	1986 Feb.	1987 May	1987 Aug.	1987 Nov.	1987 Feb.
	Score (scale 0-100)											
Measure of Business Confidence	52	51	55	61	61	50	51	55	55	59	47	51
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	48	45	53	63	61	44	50	56	55	62	50	49
2. Expectations for Economy, Six Months Ahead	53	53	56	62	62	52	51	54	53	56	43	50
3. Expectations for Own Industry, Six Months Ahead	55	54	56	59	60	54	53	56	56	58	48	54

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

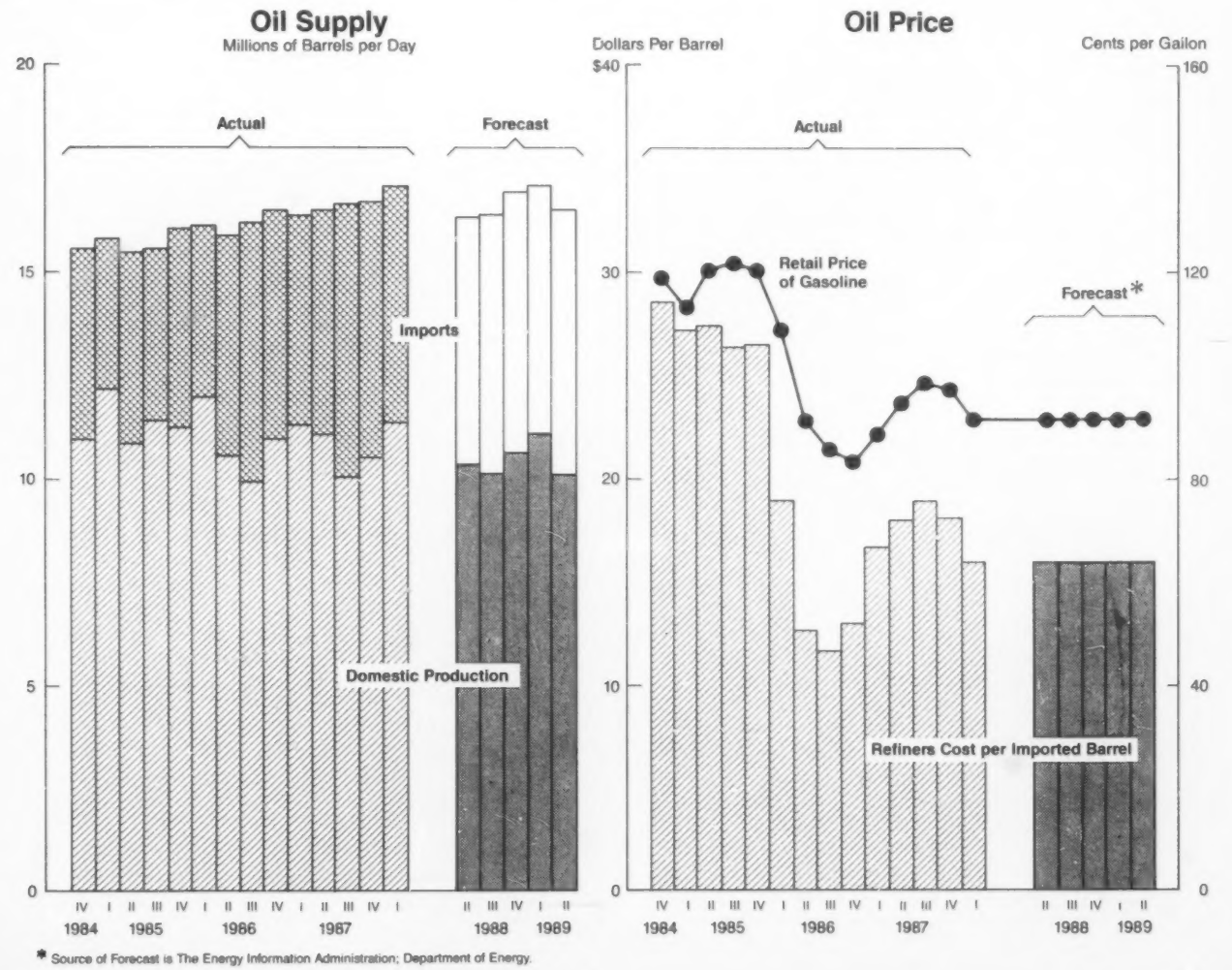
Billions of Dollars, Seasonally Adjusted

	1986			1987				Percent Change From Previous Year	
								Actual	Estimate
	II	III	IV	I	IIr	IIIp	IVp	1987	1988
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	19.991	20.203	22.097	21.441	32.257	29.810	33.985	31%	12%
Capital expenditures	24.309	22.452	23.299	20.801	25.933	27.491	29.328	11	18
Change in appropriations backlog*	−6.447	−5.060	−10.990	−0.550	+5.460	+0.070	+2.110		
Durable Goods									
New appropriations	9.578	10.807	10.807	9.746	16.515	18.095	19.018	55	8
Capital expenditures	11.880	12.186	12.915	11.124	14.006	14.847	15.665	17	23
Change in appropriations backlog*	−3.824	−3.986	−4.140	−2.070	+2.310	+2.930	+3.130		
Nondurable Goods									
New appropriations	10.413	10.152	11.290	11.695	15.742	11.715	14.970	24	17
Capital expenditures	12.429	10.266	10.384	9.677	11.927	12.644	13.663	6	14
Change in appropriations backlog*	−2.623	−1.074	−6.853	+1.520	+3.160	−2.890	−1.020		
ELECTRIC & GAS UTILITIES									
New appropriations	5.544	5.530	5.491	6.482r	5.569r	5.138p			
Capital expenditures	7.702	7.535	6.080	7.649r	7.032r	7.746p			
Change in appropriations backlog*	−3.840	−2.110	−1.005	−0.840r	−1.590r	−2.670p			

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

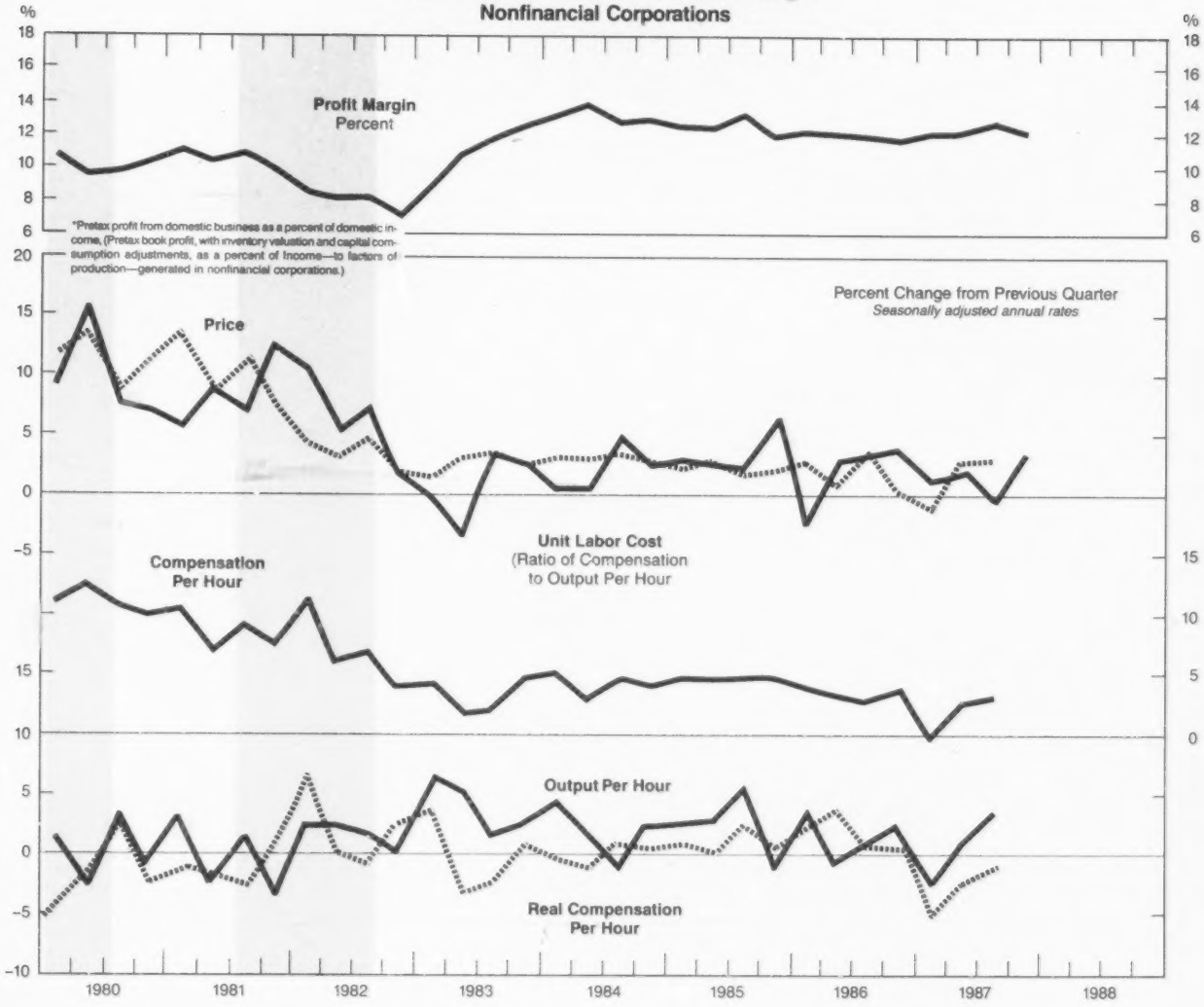
r—revised p—preliminary

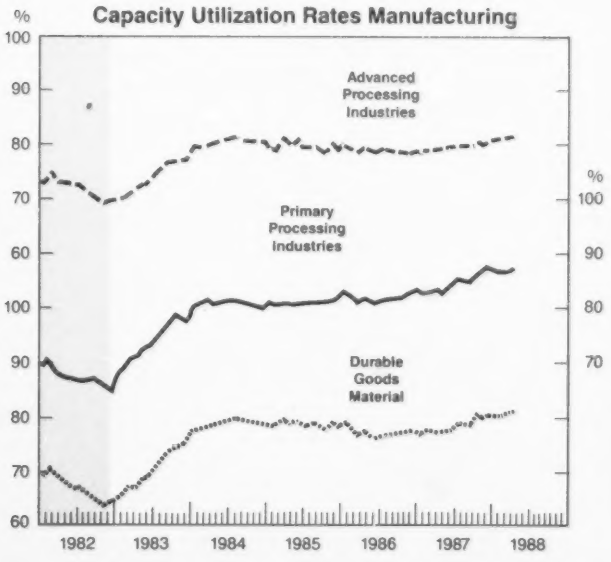
* Change in Backlog = New Appropriations − (Expenditures + Cancellations and Other Adjustments).



* Source of Forecast is The Energy Information Administration; Department of Energy.

Key Determinants of Profit Margin





ECONOMIC FORECASTS

			U.C.L.A.[1] Business Forecasting Project		Merrill Lynch[1] Economics Inc.		E.I. duPont[1] de Nemours & Co.		Georgia State University[1]	
Date of Forecast			*Apr., 1988*		*Apr., 1988*		*Apr., 1988*		*Apr., 1988*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1988**	**I**	**$4660.9**	**4.7%**	**$4660.9**	**4.7%**	**$4660.9**	**4.7%**	**$4660.9**	**4.7%**
Forecast	1988	II	4665.0	0.4	4741.6	7.1	4733.5	6.4	4740.1	7.0
		III	4672.1	0.6	4827.9	7.5	4781.2	4.1	4814.1	6.4
		IV	4707.9	3.1	4914.6	7.4	4850.9	6.0	4869.6	4.7
	1989	I	4796.0	7.7	5003.5	7.4	4919.0	5.7	4936.0	5.6
		II	4881.1	7.3	5053.7	4.1	5014.2	8.0	5000.4	5.3
		III	4976.7	8.1	5104.3	4.1	5103.7	7.3	5040.0	3.2
		IV	5084.3	8.9	5211.4	8.7	5190.4	7.0	5085.3	3.6
	1990	I	5178.6	7.6			5283.6	7.4		
		II	5252.8	5.9			5392.1	8.5		
	1988	Annual	4676.5	4.2	4786.3	6.6	4756.6	6.0	4771.2	6.3
	1989	Annual	4934.5	5.5	5093.2	6.4	5056.8	6.3	5015.4	5.1
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1988**	**I**	**$3902.6**	**2.3%**	**$3902.6**	**2.3**	**$3902.6**	**2.3%**	**$3902.6**	**2.3%**
Forecast	1988	II	3867.0	–3.6	3932.7	3.1	3912.0	1.0	3928.0	2.6
		III	3843.4	–2.4	3960.1	2.8	3919.0	0.7	3952.1	2.5
		IV	3841.2	–0.2	3985.5	2.6	3931.0	1.2	3966.0	1.4
	1989	I	3876.9	3.8	4007.0	2.2	3951.0	2.1	3978.1	1.2
		II	3911.9	3.7	4000.5	–0.6	3989.0	3.9	3983.5	0.5
		III	3954.9	4.5	3995.5	–0.5	4025.0	3.7	3968.5	–1.5
		IV	4003.1	5.0	4035.5	4.1	4055.0	3.0	3960.5	–0.8
	1990	I	4032.5	3.0			4080.0	2.5		
		II	4047.9	1.5			4113.0	3.3		
	1988	Annual	3863.6	1.1	3945.2	3.2	3916.2	2.5	3937.2	3.0
	1989	Annual	3936.7	1.9	4009.2	1.6	4005.0	2.3	3972.7	0.9
Gross National Product deflator Index, 1982 = 100										
Actual	**1988**	**I**	**119.4**	**2.4%**	**119.4**	**2.4%**	**119.4**	**2.4%**	**119.4**	**2.4%**
Forecast	1988	II	120.6	4.1	120.6	3.9	121.0	5.4	120.7	4.2
		III	121.6	3.1	121.9	4.5	122.0	3.4	121.8	3.8
		IV	122.6	3.3	123.3	4.7	123.4	4.7	122.8	3.2
	1990	I	123.7	3.8	124.9	5.1	124.5	3.6	124.1	4.3
		II	124.8	3.5	126.3	4.8	125.7	3.9	125.5	4.8
		III	125.8	3.4	127.8	4.6	126.8	3.5	127.0	4.8
		IV	127.0	3.8	129.1	4.4	128.0	3.8	128.4	4.5
	1990	I	128.4	4.5			129.5	4.8		
		II	129.8	4.3			131.1	5.0		
	1988	Annual	121.0	3.1	121.3	3.3	121.5	3.4	121.2	3.2
	1989	Annual	125.3	3.5	127.0	4.7	126.3	3.9	126.3	4.2
Unemployment Rate										
Actual	**1988**	**I**		**5.7%**		**5.7%**		**5.7%**		**5.7%**
Forecast	1988	II		5.9		5.5		5.8		5.6
		III		6.2		5.3		5.9		5.4
		IV		6.6		5.1		6.0		5.3
	1989	I		6.8		5.1		6.0		5.3
		II		6.8		5.5		6.0		5.4
		III		6.6		6.0		5.9		5.6
		IV		6.4		5.8		5.8		5.9
	1990	I		6.1				5.8		
		II		6.0				5.7		
	1988	Annual		6.1		5.4		5.9		5.5
	1989	Annual		6.6		5.6		5.9		5.6

[1]Based on preliminary first quarter data.

ECONOMIC FORECASTS (continued)

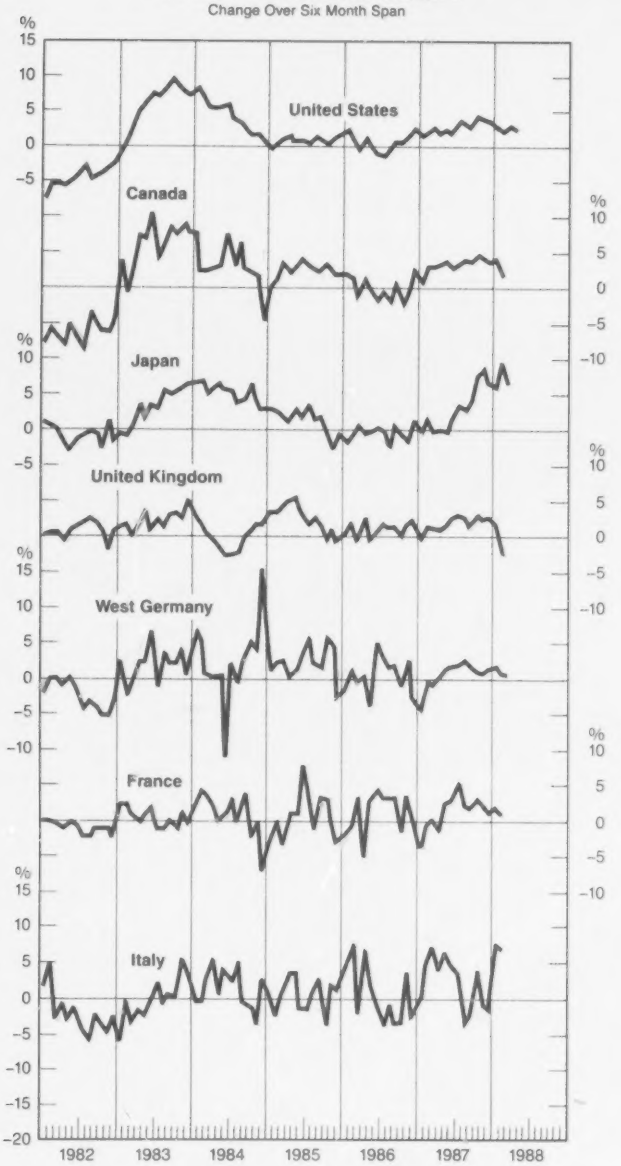
The Conference Board[1]		Laurence H. Meyer Associates, Inc.[1]		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
Apr., 1988		*Apr., 1988*		*Apr., 1988*		*Apr., 1988*		*Date of Forecast*		
Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*			
								Gross National Product Billions of Current Dollars		
$4660.9	**4.7%**	**$4660.9**	**4.7%**	**$4660.9**	**4.7%**	**$4660.9**	**4.7%**	**I**	**1988**	**Actual**
4727.0	5.8	4724.6	5.6	4718.7	5.1	4726.5	5.7	II	1988	Forecast
4795.0	5.9	4788.2	5.5	4781.3	5.5	4805.2	6.8	III		
4879.0	7.2	4850.8	5.3	4847.3	5.6	4885.9	6.9	IV		
4959.0	6.7	4912.5	5.2	4938.8	7.8	4971.4	7.2	I	1989	
5021.0	5.1	4985.9	6.1	5018.8	6.6	5045.3	6.1	II		
5044.0	1.8	5057.0	5.8	5108.0	7.3	5118.2	5.9	III		
5079.0	2.8	5136.1	6.4	5213.7	8.5	5188.5	5.6	IV		
		5234.2	7.9	5312.6	7.8	5262.5	5.8	I	1990	
		5327.9	7.4	5404.7	7.1	5366.2	8.1	II		
4765.2	6.2	4756.1	6.0	4752.2	5.9	4769.6	6.3	Annual	1988	
5025.8	5.5	5022.9	5.6	5069.8	6.7	5080.9	6.5	Annual	1989	
								Gross National Product Billions of Constant (1982) Dollars		
$3902.6	**2.3%**	**$3902.6**	**2.3%**	**$3902.6**	**2.3%**	**$3902.6**	**2.3%**	**I**	**1988**	**Actual**
3929.3	2.8	3925.8	2.4	3916.7	1.5	3917.9	1.6	II	1988	Forecast
3953.0	2.4	3949.7	2.3	3939.6	2.4	3948.4	3.2	III		
3982.9	3.1	3973.1	2.4	3960.4	2.1	3979.0	3.1	IV		
4005.7	2.3	3935.1	1.2	3995.8	3.6	4007.6	2.9	I	1989	
4010.4	0.5	4008.0	2.3	4021.6	2.6	4021.0	1.3	II		
3990.5	–2.0	4028.9	2.1	4054.3	3.3	4033.1	1.2	III		
3980.4	–1.0	4056.5	2.8	4095.5	4.1	4043.5	1.0	IV		
		4089.0	3.2	4122.0	2.6	4052.2	0.9	I	1990	
		4121.7	3.2	4145.6	2.3	4085.7	3.3	II		
3942.0	3.2	3937.8	3.1	3929.8	2.8	3937.0	3.0	Annual	1988	
3996.8	1.4	4019.6	2.1	4041.8	2.8	4026.3	2.3	Annual	1989	
								Gross National Product deflator Index, 1982 = 100		
119.4	**2.4%**	**119.4**	**2.4%**	**119.4**	**2.4%**	**119.4**	**2.4%**	**I**	**1988**	**Actual**
120.3	2.9	120.3	3.1	120.5	3.5	120.6	4.1	II	1988	Forecast
121.3	3.4	121.2	3.0	121.4	3.0	121.7	3.6	III		
122.5	4.0	122.1	2.9	122.4	3.4	122.8	3.6	IV		
123.8	4.3	123.3	3.9	123.6	4.0	124.0	4.2	I	1989	
125.2	4.6	124.4	3.7	124.8	3.9	125.5	4.7	II		
126.4	3.9	125.5	3.6	126.0	3.9	126.9	4.6	III		
127.6	3.9	126.6	3.5	127.3	4.2	128.3	4.5	IV		
		128.0	4.5	128.9	5.1	129.9	4.9	I	1990	
		129.3	4.0	130.4	4.7	131.3	4.6	II		
120.9	2.9	120.8	2.8	120.9	2.9	121.1	3.1	Annual	1988	
125.7	4.0	125.0	3.5	125.4	3.7	126.2	4.2	Annual	1989	
								Unemployment Rate		
	5.7%		**5.7%**		**5.7%**		**5.7%**	**I**	**1988**	**Actual**
	5.4		5.7		5.7		5.6	II	1988	Forecast
	5.4		5.7		5.7		5.6	III		
	5.2		5.8		5.8		5.6	IV		
	5.3		5.8		5.7		5.6	I	1989	
	5.5		5.9		5.7		5.7	II		
	5.9		6.0		5.6		5.8	III		
	6.2		6.0		5.4		6.0	IV		
			5.9		5.3		6.3	I	1990	
			5.8		5.2		6.5	II		
	5.4		5.7		5.7		5.6	Annual	1988	
	5.7		5.9		5.6		5.8	Annual	1989	

ATTENTION PC USERS: All data in this publication plus extensive government statistics are available on cost-effective diskettes in LOTUS and other formats. For more information, contact Linette Waters at (212) 759-0900.

Selected International Comparisons

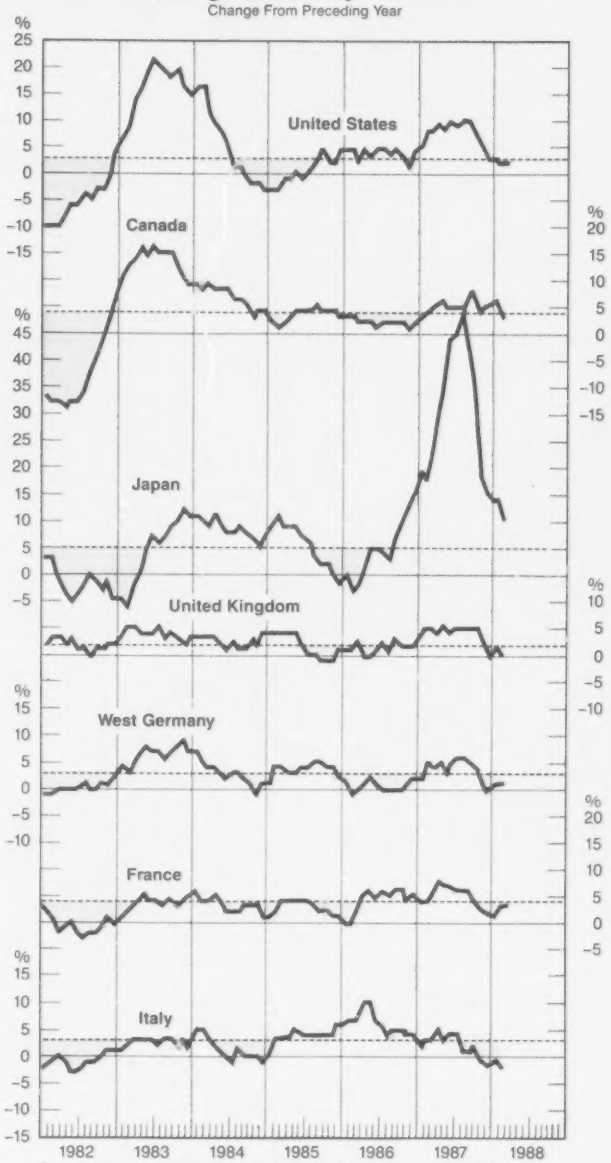
Industrial Production Indexes

Change Over Six Month Span



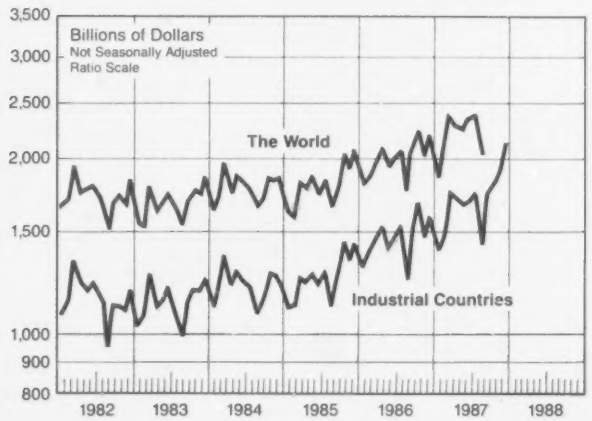
Leading Business Cycle Indexes

Change From Preceding Year

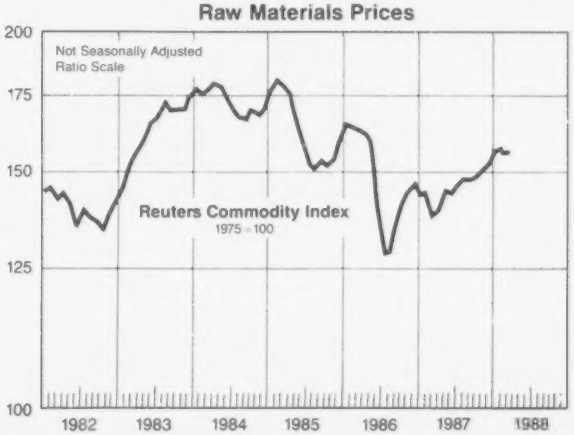


Source: Center for International Business Cycle Research, Columbia University

Merchandise Trade: Value of Exports

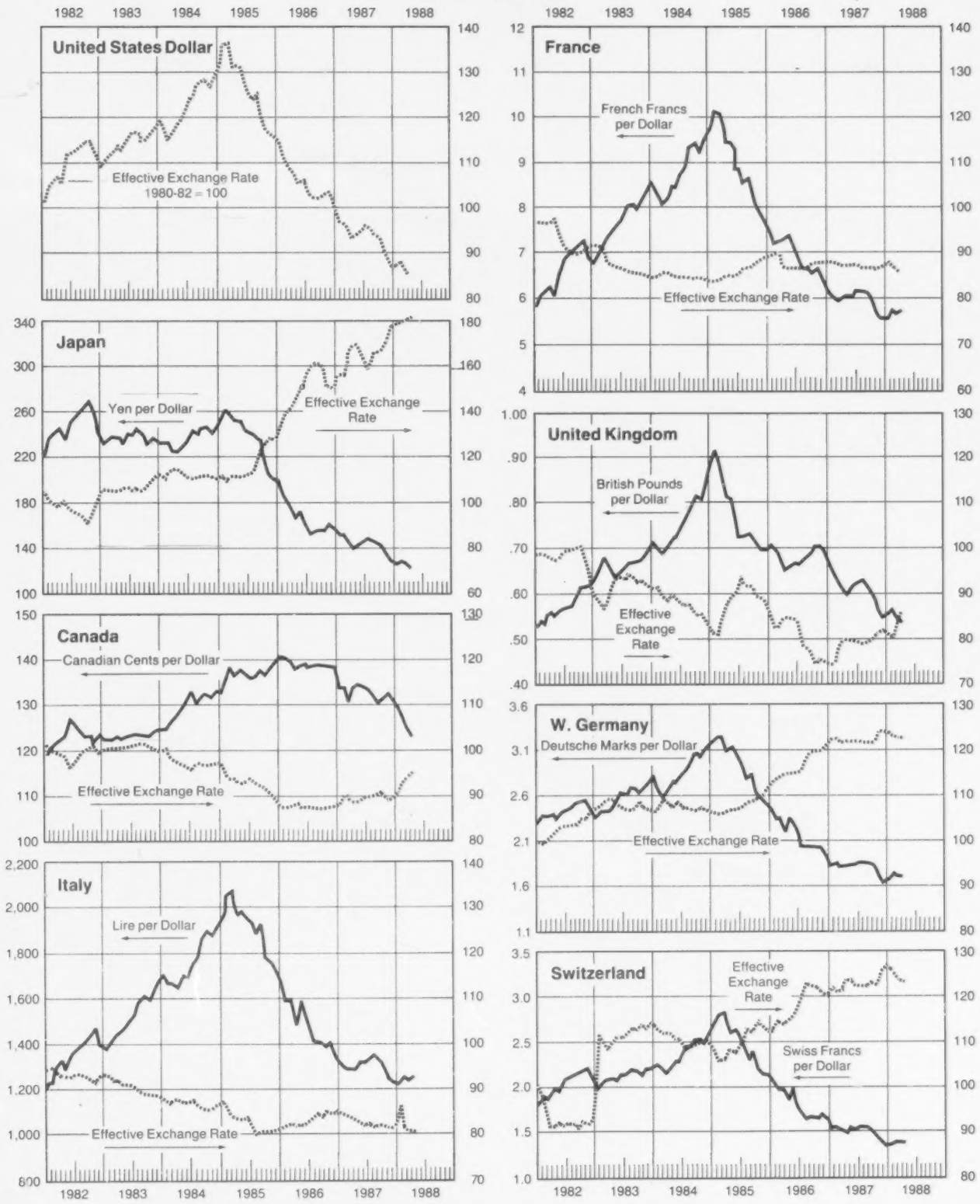


Raw Materials Prices



Foreign Exchange Rates

Indexes: 1980-82 = 100



Note: Nominal Effective Exchange Rates. Index numbers 1980-82 = 100. Each index shows a currency's trade-using averages weighted appreciation measured against fifteen other major currencies of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

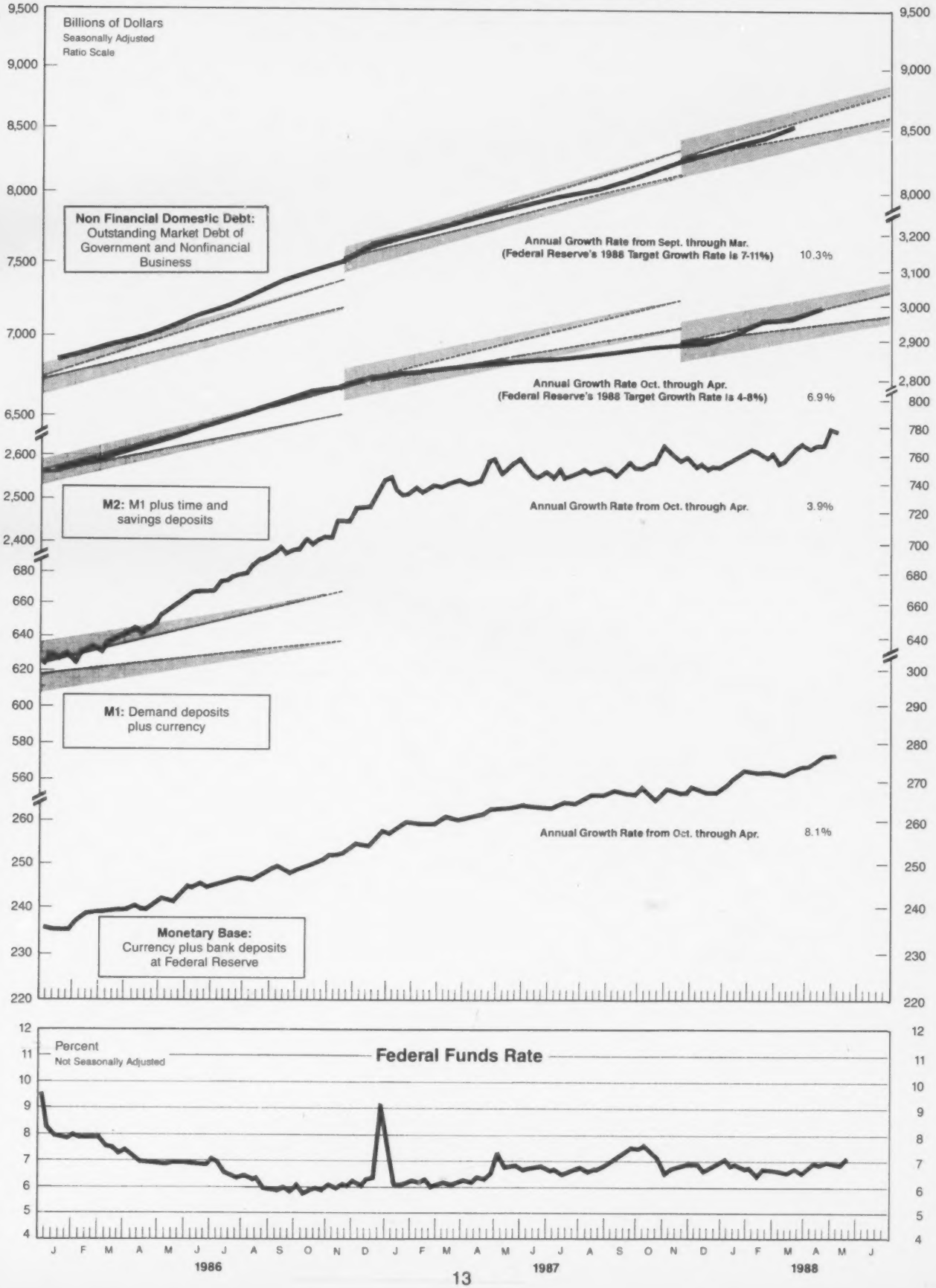
	Fiscal 1987	Fiscal 1988		Fiscal 1989	
	Actual	Administration Estimate	Congress's Estimate*	Administration Estimate	Congress's Estimate*
	(2/18/88)	(2/18/88)	(2/18/88)	(2/18/88)	(2/18/88)
Receipts	**$ 854.2**	**$ 909.2**	**$ 897.0**	**$ 964.7**	**$ 953.0**
Outlays	**1,004.6**	**1,055.9**	**1,055.0**	**1,094.5**	**1,129.0**
Deficit	**– 150.4**	**– 146.7**	**– 158.0**	**– 129.8**	**– 176.0**
Receipts by source	**$ 854.2**	**$ 909.2**	**$ 897.0**	**$ 964.7**	**$ 953.0**
Individual income	392.6	393.4		412.4	
Social security	303.3	331.5		354.6	
Corporate income	83.9	105.6		117.7	
Other receipts	74.4	78.7		80.0	
Outlays by function	**$1,004.6**	**$1,055.9**	**$1,055.0**	**$1,094.5**	**$1,129.0**
Social security	282.5	298.6		317.8	
National defense	282.0	285.4		294.0	
Income security	123.2	129.6		135.6	
Health	40.0	44.5		47.8	
Education & manpower	29.7	33.7		37.4	
Veterans benefits	26.8	27.7		29.6	
Transportation	26.2	27.2		27.3	
Agriculture	27.4	22.4		21.7	
Natural resources	13.4	15.1		16.0	
International affairs	11.6	9.9		13.3	
General science	9.2	10.9		13.1	
Justice	7.5	9.0		9.9	
General government	7.6	8.8		9.5	
Commerce, housing credit	6.2	12.4		7.9	
Community development	5.1	6.3		5.9	
Energy	4.1	2.7		3.1	
Revenue sharing					
Interest	138.6	147.9		151.8	
Allowances					
Offsetting receipts	– 36.5	– 36.2		– 47.2	

ECONOMIC ASSUMPTIONS OF THE BUDGET

GNP					
Current Dollar	**$4,486.0**	**$4,779.0**	**$4,746.0**	**$5,113.0**	**$5,069.0**
Constant (1982) Dollar	**$3,820.0**	**$3,932.0**	**$3,908.0**	**$4,054.0**	**$4,010.0**
Percent change in					
Current dollar	+5.9%	+6.5%	+5.8%	+7.0%	+6.8%
Constant (1982) dollar	+2.9%	+2.9%	+2.3%	+3.1%	+2.6%
Implicit price deflator	+3.3%	+3.9%	+3.4%	+3.7%	+4.1%
Consumer price index	+4.6%	+4.3%	+4.5%	+3.9%	+4.9%
91-Day T bill rate	+5.8%	+5.3%	+6.2%	+5.2%	+6.7%
Unemployment rate	5.8%	5.8%	6.2%	5.5%	6.1%

*Congressional Budget Office

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
Non Financial Domestic Debt: Outstanding Market Debt of Government and Nonfinancial Business
Annual Growth Rate from Sept. through Mar. (Federal Reserve's 1988 Target Growth Rate is 7-11%) 10.3%
Annual Growth Rate Oct. through Apr. (Federal Reserve's 1988 Target Growth Rate is 4-8%) 6.9%
M2: M1 plus time and savings deposits
Annual Growth Rate from Oct. through Apr. 3.9%
M1: Demand deposits plus currency
Annual Growth Rate from Oct. through Apr. 8.1%
Monetary Base: Currency plus bank deposits at Federal Reserve
Percent
Not Seasonally Adjusted
Federal Funds Rate
J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J
1986
1987
1988

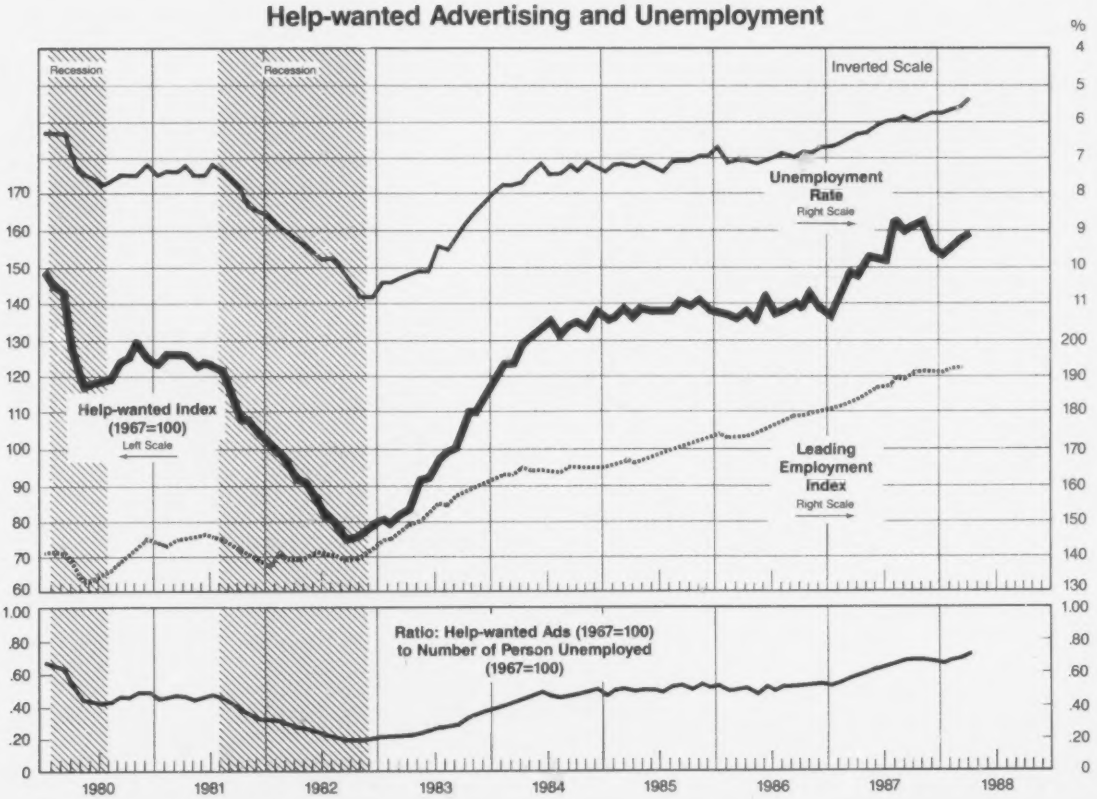
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEX

Seasonally Adjusted Indexes, 1967 = 100

Locality	1988 Mar.	1988 Feb.	1987 Jan.	1987 Mar.
National Index	159	156	153	151r
New England	171	168	160	186
Boston	165	161	160	183
Hartford	191	181	164	206
Providence	174	179	158	176
Middle Atlantic	92	92	88	89
Albany	233	221	205	183
Allentown	420	383	307	345
New York	65	63	61	68
Philadelphia	82	95	92	84
Pittsburgh	92	95	96	91
Rochester	105	98	99	90
Syracuse	151	142	145	149
East North Central	106	105	107	102r
Chicago	116	116	116	117
Cincinnati	163	167	169	153
Cleveland	69	70	71	65
Columbus	169	171	179	172
Dayton	90	91	89	83
Detroit	55	54	59	57
Gary	184	178	174	151
Indianapolis	130	112	111	116
Milwaukee	99	96	106	76r
Toledo	134	141	129	130
West North Central	101	98	101	97
Kansas City	150	149	166	144
Minneapolis	90	85	79	90
Omaha	154	146	149	136
St. Louis	67	69	70	66
South Atlantic	213	211r	207	203r
Atlanta	277	261	280	264r
Baltimore	221	224	208	228
Charlotte	208	209	197	189
Jacksonville	227	230	227	229
Miami	171	171	163	101
Richmond	153	147	146	154
Washington, D.C.	201	201r	195r	207
East South Central	165	160	166	164r
Birmingham	179	178	166	173
Knoxville	307	277	267	269
Louisville	77	94	120	84
Memphis	149	140	139	143
Nashville	191	174	193	212r
West South Central	192	183	169	162
Dallas	160	168	153	144
Houston	301	261	226	235
New Orleans	124	126	130	106
Oklahoma City	113	119	121	106
San Antonio	139	147	154	145
Tulsa	139	140	145	119
Mountain	310	308	308	298r
Denver	199	205	217	182
Phoenix	419	398	394	422r
Salt Lake City	372	381	365	346
Pacific	256	248	241	236r
Los Angeles	173	172	170	162r
Sacramento	479	445	447	446
San Bernadino	N.A.	N.A.	297	280
San Diego	601	595	549	588
San Francisco	254	251	244	234
Seattle	230	229	233	217
Percentage of papers with rising volume	61	57	59	84r
Unemployment rate	5.6	5.7	5.8	6.6

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



* Source: Center for International Business Cycle Research, Columbia University.

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND EXPECTATIONS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1985	102.0	103.1	96.1	104.4	99.6	102.6	103.2	100.9	96.0	96.1	98.1	98.2
1986	96.9	96.0	95.1	100.0	100.2	100.0	97.5	91.7	89.7	85.9	89.7	93.2
1987	85.4	91.8	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7
1988	109.9	114.9	112.7r	115.7p								

Expectations Index

1985	102.5	103.9	95.9	105.1	99.6	102.7	102.5	102.1	96.3	94.5	96.8	98.2
1986	96.3	94.4	95.5	99.0	99.4	99.7	96.4	92.0	89.4	86.1	92.0	92.2
1987	85.6	91.8	96.8	100.5	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6
1988	102.2	105.5	104.9r	112.5p								

Confidence Index measures consumer optimism in appraising economic conditions. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r-revised

Consumer Confidence and Expectations

CBDB

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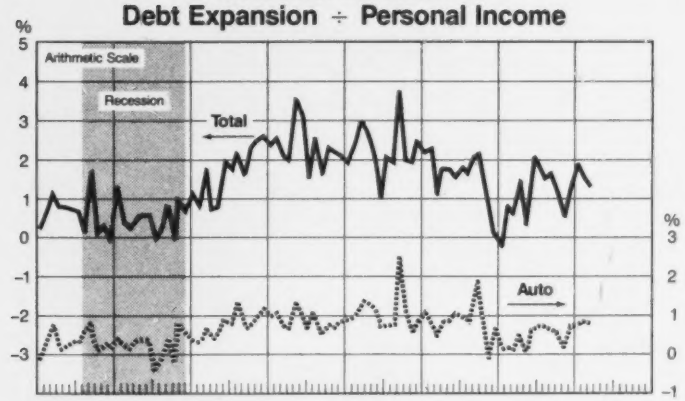
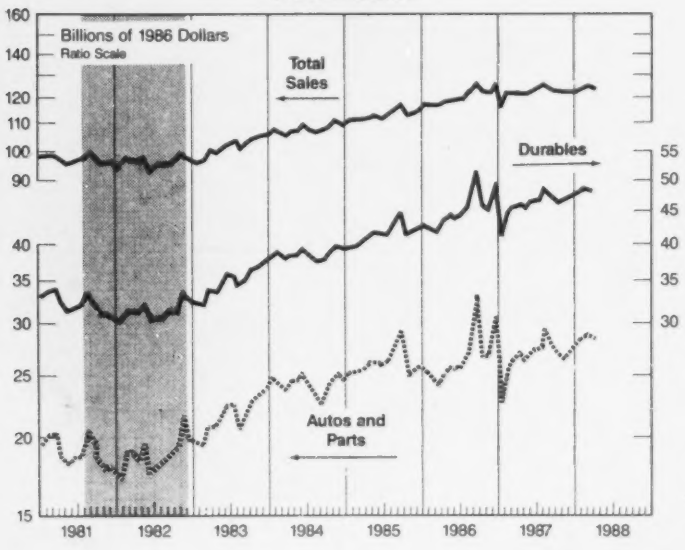
Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



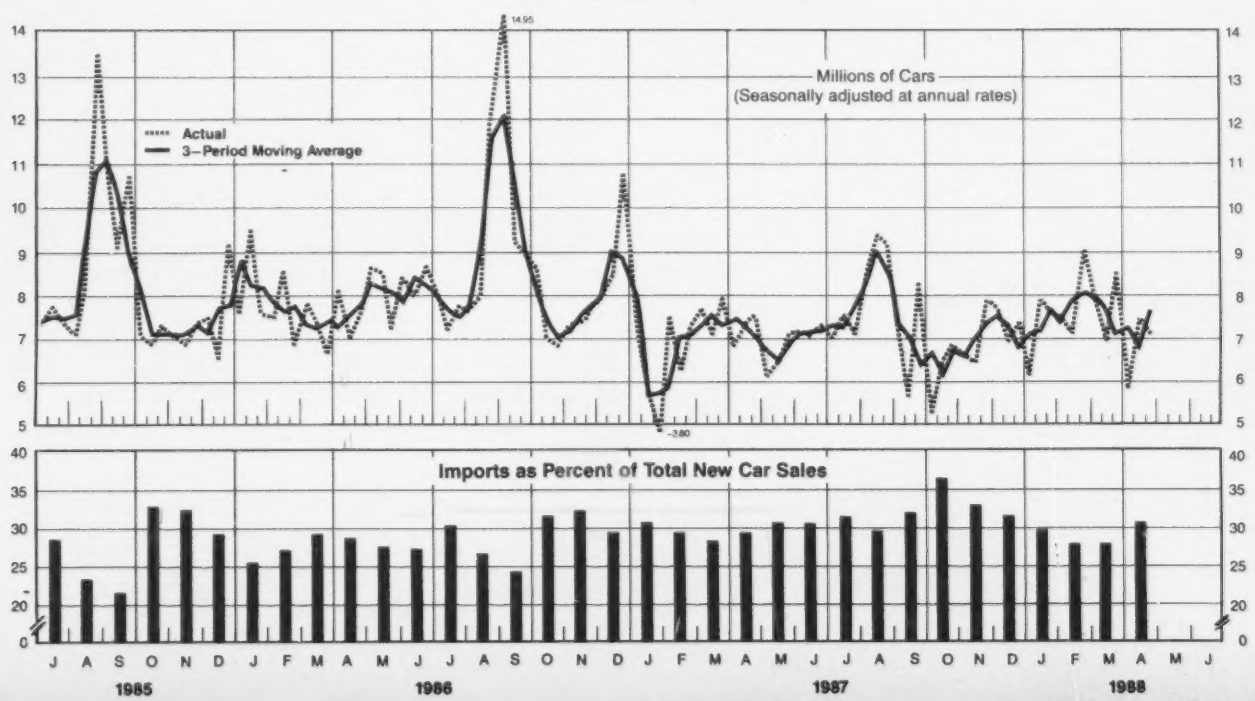
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1985	1986	1987	1988
January:	1-10	8.23	7.61	7.42	6.06
	11-20 7.84	8.00	9.45	5.97	7.89
	21-31	7.77	7.57	3.80	7.56
February:	1-10	7.24	7.56	7.46	7.51
	11-20	7.70	8.55	6.34	7.11
	21-28(29)	9.17	6.80	7.28	9.03
March:	1-10	8.09	7.76	7.60	7.88
	11-20	8.90	7.37	7.08	6.94
	21-31	8.52	6.69	7.99	8.50
April:	1-10	7.87	8.09	6.87	5.82
	11-20	9.24	7.07	7.35	7.45
	21-30	8.03	7.55	7.57	7.04
May:	1-10	7.91	8.63	6.17	8.37
	11-20	8.76	8.56	6.43	
	21-31	8.09	7.22	7.08	
June:	1-10	8.33	8.40	7.14	
	11-20	7.66	8.00	7.10	
	21-30	7.08	8.60	7.27	
July:	1-10	7.38	8.04	7.04	
	11-20	7.75	7.15	7.54	
	21-31	7.38	7.77	7.11	
August:	1-10	7.11	7.63	8.55	
	11-20	8.06	7.95	9.32	
	21-31	13.41	11.80	9.15	
September:	1-10	10.93	14.95	7.20	
	11-20	9.10	9.25	5.71	
	21-30	10.69	8.91	8.29	
October:	1-10	7.01	8.60	5.25	
	11-20	6.84	7.00	6.47	
	21-31	7.32	6.88	6.86	
November:	1-10	7.04	7.26	6.68	
	11-20	6.88	7.39	6.44	
	21-30	7.31	7.69	7.88	
December:	1-10	7.49	7.88	7.72	
	11-20	6.60	8.42	6.93	
	21-31	9.12	10.71	7.33	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic—Model Car Sales


14.95
Millions of Cars
(Seasonally adjusted at annual rates)
Actual
3–Period Moving Average
2.80
Imports as Percent of Total New Car Sales
J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J
1985
1986
1987
1988